

East 34 Corridor Annexation Study

Adding Economic Development Capacity for the Sturgis Community



PRESENTED TO THE CITY COUNCIL

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THE ANNEXATION PROCESS:

Annexation is the process by which lands adjacent to a municipality are made part of the municipality so as to share in the services the municipal government provides and share in the obligation of paying for those services. When an area has developed, is in the process of developing, or is key to the development of other properties, annexation should be considered.

It is the policy of the City to consider annexation under certain conditions. When the City is willing and able to provide the urban services from which an adjacent and contiguous developing area benefits; when there exists a community of interest between the City and the developing area; when it is essential that a City be allowed to exercise proper municipal powers to ensure orderly growth and development; when the development of an area may easily effect the health and safety of the residents of a City; and when a tax inequity exists because of the provision of urban services to the developing area; then the area so described must fairly be considered for annexation.

The process of annexation as prescribed in South Dakota Codified Law Chapter 9-4 provides for annexation by petitioner of the property owners and annexation initiated by the municipality. This study represents the first step in the process of a city-initiated annexation. This study will analyze the impacts of annexing the subject territory and identify the municipal resources that are in place or available to serve the area.

INTRODUCTION:

SDCL § 9-4-4.1 states that before a municipality may extend its boundaries to include contiguous territory, the governing body shall conduct a study to determine the need for the contiguous territory and to identify the resources necessary to extend the municipal boundaries. SDCL § 9-4-4.2 states that the Resolution of Intent to Annex shall address the following factors:

- (1) The description and boundaries of the territory to be annexed;
- (2) That ample and suitable resources exist to accommodate the orderly growth or development of the contiguous territory;
- (3) That municipal utilities and a major street network are considered in terms of the proposed boundary extension and that there is a definite timetable upon which municipal service will be extended into the contiguous territory;
- (4) The approximate cost of the extended service to the residents of the contiguous territory and the municipality;
- (5) The estimated difference in tax assessment rate for the residents in the contiguous territory;
- (6) That exclusions and irregularities in boundary lines are not the result of arbitrariness;
- (7) That there is reasonable present or demonstrable future need for annexing the contiguous territory; and

(8) That population and census data indicate that the municipality has or may experience growth or development beyond its present boundaries.

The following is a study prepared pursuant to SDCL 9-4-4.1 which examines the merits of annexing portions of the Eastern Annexation Areas along S.D. Highway 34, Meade County, South Dakota. This study will examine these eight factors pursuant to SDCL § 9-4-4.2.

1.) DESCRIPTION AND BOUNDARIES OF THE TERRITORY TO BE ANNEXED

The CETEC ANNEXATION STUDY of January 2007 identifies the S.D. Highway 34 Area as a priority area for annexation. The proposed annexation area consists of unplatted agricultural and platted non agricultural properties located adjacent to the eastern portion of the City. This document is used as a guideline by the City of Sturgis to study land areas to be considered for annexation and to specifically identify the geographic priority areas for annexation.

On January 12, 2009 after nine months of focus group meetings involving 360 citizens, countless Committee meetings and studies, group presentations and Town Hall meetings, the Future Sturgis Retail Committee presented their plan for commercial growth at a Town Hall meeting that included an important component for adding economic development capacity to the community: annexation. The Retail Committee recommended that the City employ annexation as a means of adding economic development capacity to the community through both voluntary and City initiated methods. The Committee cited increased jobs, expanded sales taxes, improved shopping choices and less reliance on property taxes as the benefits of annexation. Another Town Hall meeting on March 26, 2009 indicated a clear and broad consensus in the community after nine months of the Future Sturgis initiative that annexation is necessary for continued growth of the City and improvement in the quality of life for area citizens.

On February 11, 2009 the Legal and Finance Committee of the City Council requested that management establish priorities for Future Annexation Areas identified in the CETEC Study. The SD Highway 34 area was identified as priority area that is necessary and proper to the future development of the City as the City needs additional areas to facilitate the commercial and industrial development land uses of the community. The CETEC Study contemplates that the proposed annexation areas would add additional economic development capacity by providing land for Highway Service, Commercial and Industrial land uses. The area is experiencing significant growth with the development of the Full Throttle Saloon, Kick Start Convenience Store, Thunder Road Sturgis Exhibition Facility featuring the Thunderdome and Glencoe Nation Camp Resort. The Sturgis community is the major point of ingress and egress to this growth area via S.D. Highway 34.

The territory considered in this annexation contains **3021.0** Acres, more or less, and includes the following properties:

LEGAL DESCRIPTIONS

Section 36 Township 6 North, Range 5 East of the Black Hills Meridian, Meade County, South Dakota:

Gov't Lot 2; Gov't Lot 3.

Section 31 Township 6 North, Range 6 East of the Black Hills Meridian, Meade County, South Dakota:

Gov't Lot 4; SE1/4SW1/4; SW1/4NE1/4; Gov't Lot 2; Gov't Lot 3; SE1/4NW1/4; NE1/4SW1/4; SE1/4.

Section 6, Township 5 North, Range 6 East of the Black Hills Meridian, Meade County, South Dakota:

Section 6: Gov't Lots 1, 2, & 3; Gov't Lots 4 & 5, less Pavilion Lot at Glencoe as shown by the plat filed in Plat Book 20 on Page 281; INCLUDING any portion of the vacated section line right-of-way which reverted pursuant to Resolution recorded January 3, 2001, in Book 546 on Page 391 and Resolution recorded February 1, 2001, in Book 546 on Page 497. N1/2 Gov't Lot 6; S½NE¼; SE¼NW¼, less Lot H-1 as shown on the plat filed in Plat Book 3 on Page 275; and Tract A of Sturgis Dragway Subdivision, as shown on the plat filed in Plat Book 16 on Page 18.

Lot KBHB-1, a portion of the NE1/4SE1/4, Section 6, lying in T5N, R6E, B.H.M., Meade County, South Dakota, as shown by the Plat recorded in Plat Book 7 Page 13.

S1/2 Gov't Lot 6; Gov't Lot 7; E1/2SW1/4; SE1/4.

Section 1, Township 5 North, Range 5 East of the Black Hills Meridian, Meade County, South Dakota:

Gov't Lot 1; Gov't Lot 5, less a parcel of land conveyed to the City of Sturgis as shown on the plat filed in Plat Book 2 on Page 179, and less Pavilion Lot at Glencoe as shown by the plat filed in Plat Book 20 on Page 281; INCLUDING any portion of the vacated section line right-of-way which reverted pursuant to the Resolution recorded January 3, 2001, in Book 546 on Page 391 and Resolution recorded February 1, 2001, in Book 546 on Page 497; Gov't Lot 6, less platted portions.

Pavilion Lot at Glencoe, located in Government Lots 1 & 5 of Section 1, Township 5 North, Range 5 East of the Black Hills Meridian, and in Government Lots 4 & 5 of Section 6, Township 5 North, Range 6 East of the Black Hills Meridian, Meade County, South Dakota, as shown on the plat filed in Plat Book 20 on Pages 281-282.

Lot A (Second Revision) of Glencoe, Meade County, South Dakota, as shown on the plat filed in Plat Book 20 on Pages 279-280.

Lot B (Second Revision) of Glencoe, Meade County, South Dakota, as shown on the plat filed in Plat Book 20 on Pages 279-280.

Lots C and D of Glencoe Subdivision, Meade County, South Dakota, as shown on the plat filed in Plat Book 20 on Pages 279-280; EXCEPTING there from Lot H-1 of the Government Lot 7, as shown on the plats filed in Plat Book 15 on Page 8 and in Plat Book 20 on Pages 279-280; and EXCEPTING there from Lot H-1 of Tract A of Brennan Subdivision, as shown on the plats filed in Plat Book 15 on Page 7 and in Plat Book 20 on Pages 279-280.

Lot SCL-1, Formerly Government Lot 10, Lot 6 and Lot 7, SE1/4NW1/4, N1/2NE1/4SW1/4, N1/2S1/2NE1/4SW1/4, E1/2NE1/4NW1/4SW1/4, NW1/4NW1/4SW1/4, W1/2NE1/4NW1/4SW1/4, Section 1, T5N, R5E, and the E1/2NE1/4NW1/4SE1/4, Section 2, T5N, R5E, B.H.M., Meade County, South Dakota.

NW1/4SE1/4; SW1/4SE1/4; SE1/4SW1/4; NE1/4SW1/4; SW1/4SW1/4; NW1/4SW1/4; SW1/4NW1/4;

Section 2, Township 5 North, Range 5 East of the Black Hills Meridian, Meade County, South Dakota:

SE1/4SW1/4; SE1/4; SE1/4NW1/4.

Section 10, Township 5 North, Range 5 East of the Black Hills Meridian, Meade County, South Dakota:

NE1/4NE1/4; SE1/4NE1/4, portion lying North of SD Highway 34 Right-of-Way.

Section 11, Township 5 North, Range 5 East of the Black Hills Meridian, Meade County, South Dakota:

NE1/4; NW1/4; SE1/4

Section 12, Township 5 North, Range 5 East of the Black Hills Meridian, Meade County, South Dakota:

Tract A of Brennon Subdivision, a subdivision of Government Lot 1 of Section 12, T5N, R5E, B.H.M., Meade County, South Dakota.

Tract B of Brennon Subdivision, a subdivision of Government Lot 1 of Section 12, T5N, R5E, B.H.M., Meade County, South Dakota.

W1/2NE1/4; W1/2SE1/4; NW1/4; SW1/4.

Tract A of Hooper Subdivision, Located in Gov't Lot 2 and Gov't Lot 3, of Section 12, T5N, R5E, B.H.M.,

-And-

Gov't Lot 1 and Gov't Lot 2 and the E1/2NW1/4, of Section 7, T5N, R6E, B.H.M.,

Meade County, South Dakota, as shown by the Plat recorded in Plat Book 9 Page 76.

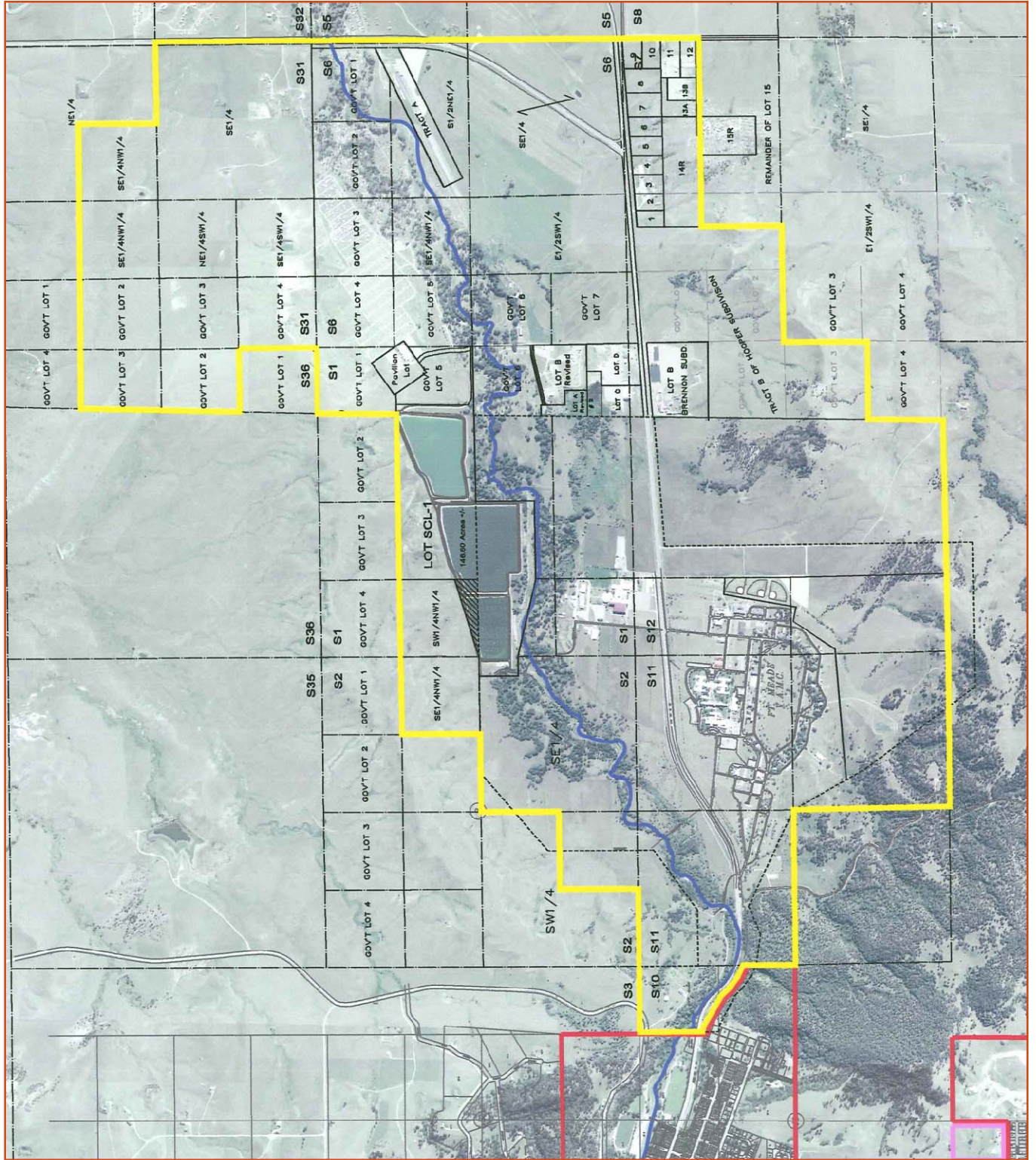
Section 7, Township 5 North, Range 6 East of the Black Hills Meridian, Meade County, South Dakota:

Lots 1 thru 12 in Tract B of Hooper Subdivision, Lying in the NE1/4 and the E1/2NW1/4, Section 7, T5N, R6E, B.H.M., Meade County, South Dakota, as shown by the Plat recorded in Plat Book 10 Page 14.

Lots 13A and 13B, a subdivision of Lot 13 of Tract B of Hooper Subdivision, Lying in the NE1/4NE1/4, Section 7, T5N, R6E, B.H.M., Meade County, South Dakota, as shown by the Plat recorded in Plat Book 15 Page 4.

Lot 14R, a subdivision of Lots 14 and 15 of Tract B of Hooper Subdivision, Located in the NE1/4 and the E1/2NW1/4, Section 7, T5N, R6E, B.H.M., Meade County, South Dakota, as shown by the Plat recorded in Plat Book 16 Page 23.

Annexation Map



2.) RESOURCES AVAILABLE TO ACCOMMODATE THE ORDERLY GROWTH AND DEVELOPMENT

MUNICIPAL SERVICES

The City of Sturgis has ample and suitable resources available to accommodate the orderly growth and development of the S.D. Highway 34 area. Municipal services to be made available to the subject territory include Street and Road Services, Water/Sewer Services, Solid Waste Collection and Disposal Services, Fire and Police Protection Services, Building Inspection, Community Resources/Ordinance Enforcement and other Public Service amenities.

Street and Road Services: The Major Street Plan for Sturgis shows S. D. Highway 34 as a principal arterial road servicing this area. The South Dakota State Department of Transportation has responsibility for controlling access to S. D. Highway 34 and for road maintenance. Glencoe Road is a 3,000 linear feet collector road in proposed annexation area that would be maintained and serviced by the City after the annexation occurs. Glencoe Road serves as the only access road to the City's Wastewater Treatment Plant. The Public Works Department has estimated that the cost to provide service to these areas, including snow removal, is estimated to cost \$5,000 annually for each mile serviced.

Water/Sewer: The City currently has seven high producing deep wells in the Madison and Minnelusa aquifers that generate 3.6 million gallons per day in addition to three storage tanks providing 1.2 million gallons of reserve. The average City water use is 1 million gallons per day with a peak use of 2.7 million gallons per day. The City currently provides a 4" water supply pipeline connection to the annexation area through the Fort Meade Water system. This connection allows the City to supplement or replace the current level of water usage at Fort Meade water supply tanks. Fort Meade uses an average of 86,000 gallons per day and has a peak use of 258,000 gallons per day. The CETEC Study supply and demand analysis has concluded that the City of Sturgis can provide reliable water service to the Fort Meade area if the two systems were integrated. The water system is located at higher elevations of 3770 that would provide water pressures of 35 psi to 80 psi for adequate distribution pressures in the proposed annexation area where elevation ranges from 3460 to 3320. The back-up supply arrangement through a 4" raw supply connection between the City and Fort Meade will not change upon annexation. As the area around Fort Meade grows the City is working toward providing wholesale water supply through the Fort Meade Distribution System. The City had Schreier Engineering study the possibility of connecting to a 12" water main at Fort Meade along Highway 34 as well as an existing 6" main at the High School and extend service east to Glencoe Road. This arrangement would require an interconnection agreement with Fort Meade. The City is exploring a number of options including integration with the Fort Meade system and drilling additional wells for expansion of the distribution system. This is being studied as a future possibility as development occurs, as it does not appear that water service is needed in the annexed area as it exists at the time of annexation. Water service is currently provided by private wells in the area. There is a high producing well located on the Glencoe property that provides water service to the Glencoe Road area. The current cost of standard residential City water service is **\$10.00** per month demand fee. For all water used, the charge is \$2.00 per thousand (1,000) gallons.

The City sewer system consists of a 100% gravity flow collection system which conveys wastewater to an aerated three cell stabilization pond treatment system in the proposed annexation area. A fourth large irrigation storage pond is located on City lands adjacent to S.D.

Highway 79. The City provides treated irrigation water to two landowners and pumps the balance to the fourth large irrigation storage pond where further irrigation occurs. The existing treatment system facility and irrigation disposal system has the ability to serve existing and anticipated development within the proposed annexation area with an annual processing capacity of 1.2 million gallons per day and an annual capacity of 440 million gallons per year. The City has an 8" sewer line near the entrance to the Sturgis Brown High School which provides wastewater disposal services to Fort Meade. A separate sewer line services Sturgis Brown High School and the South Dakota Army National Guard. The City directed Schreier Engineering study extension of sewer services. The City plans to extend a sewer main from a Fort Meade service line connection eastward along Highway 34 to the Full Throttle Saloon at a total cost of **\$552,686** to offer sewer service in the vicinity of Glencoe Road. The costs of improvements would be assessed to property owners based on City terms and conditions and depending on circumstances the City may join in such costs. Included in this cost is a lift station at an estimated cost of **\$93,000** which will enable the City to provide sewer services further east of Full Throttle Saloon.

The City's sewer use charges are set by Sturgis City Ordinance Title 11 Section 11.05.36 and are as follows:

Residential Unit: \$23.00 per month.

The sewer charges for commercial and institutional units are billed to the owner or operator of the commercial or institutional property based upon the size of domestic water lines.

¾ inch to 1 inch	1 minimum	\$ 27.00
1 ¼ inch	2 minimum	\$ 43.00
1 ½ inch	3 minimum	\$ 59.00
2 inch	4 minimum	\$ 75.00
3 inch	6 minimum	\$107.00
4 inch	8 minimum	\$139.00

Section 11.05.04 which requires an owner of any building or property used for human occupancy, employment, recreation or other purpose which abuts any street, alley or right-of-way in which there is currently located or may in the future be located a public sanitary sewer of the City, at the owner's expense, to install suitable toilet facilities and connect said facilities directly with the proper public sewer in accordance with the provisions of Chapter 11.05 within 90 days of the date of official notice. This requirement applies in the event said public sewer is located within 200 feet or 61 meters of the property line.

In the event a public sanitary sewer is not available under the above ordinance section, the building sewer shall be connected to a private wastewater disposal system that is in compliance with Title 11 of the Sturgis City Ordinances.

Section 11.05.12 provides that in the event a public sewer becomes available to a property served by a private wastewater disposal system as provided in Section 11.05.04, a direct connection shall be made to the public sewer within 90 days in compliance with Chapter 11.05. Any septic tank, cesspool and similar private wastewater disposal facility shall be cleaned of any sludge and filled with a suitable material.

As development occurs, City water and sewer could be provided to the areas currently not served. Additions or extensions to City water and sewer systems will be borne by the developer

once the property is annexed into the corporate limits of Sturgis. Future connection and use of City sanitary sewer and City water would be allowed only according to State Law and in accordance with the City Subdivision Ordinance.

The purpose of the inclusion of the above ordinances is to put the affected landowners on notice of possible sanitation fees and/or costs that may be applicable upon annexation. A current copy of Title 11 Health and Sanitation may be obtained from the City Finance Office.

Solid Waste Collection and Disposal: The City can provide waste collection and disposal services to the proposed annexation area with the City's sanitation fleet of five solid waste haulers. The City has recently renewed a contract with the Belle Fourche to utilize the landfill at a cost of \$40.44 per ton. The collection and disposal of solid waste for any properties within the subject territory would be handled by the City of Sturgis. The fee for City service would be based on the size of the container used for collection. The rate per month would be \$30.00 per month for a large 300 gallon container and \$10.00 per month for a small 90 gallon container. These rates are set by Sturgis City Ordinance Section 11.04.10. Chapter 11.04 sets forth the applicable provisions for collection and disposal of garbage and rubbish. These fees will be adequate to cover the cost to service the proposed annexation area. The City may purchase a "roll off" solid waste collection truck utilizing 30 cubic yard waste containers with the price of service set accordingly to recover the cost of service.

Fire Protection and EMS Services: The City of Sturgis Fire and EMS Department currently provides fire protection and EMS services to the proposed annexation area in accordance with the FHARES (Fire Hazmat Ambulance Rescue Emergency Services) agreement with Meade County. In addition, the City has a mutual aid agreement for response to the proposed annexation area with the Fort Meade Veterans Affairs Fire Department to supplement the City's capabilities. The City currently provides all City fire services to the area including: fire suppression (structure and wild land protection), fire prevention services (code enforcement, plans review, fire investigation), hazardous materials response and mitigation, rescue functions (water related rescue and recovery, vehicle extrications, and industrial rescue), and emergency medical service (basic life support and advance life support). The Sturgis Fire Department is currently in the exploration stage of a joint fire and police station and associated equipment for this area in cooperation with Fort Meade VA and Meade County. The estimated costs to the City to build and supply a joint fire police substation estimated at \$500,000 dollars. Based on information from the Insurance Services Office (ISO), insurance costs to the property owners are anticipated to be lowered due to the location of a fire station near the annexation area. By virtue of being in the City, ISO estimates indicate that the fire insurance rate would be lowered from a 10 to a 6, thereby saving property owners approximately **35%** on insurance premiums. There is no incremental cost to provide Fire Protection and EMS Services to the proposed annexation area. The Fire and EMS Department has 8 FTE's plus a staff of 50 Volunteer Firefighters which can adequately service the annexation area.

Police Protection Services: The Sturgis Police Department can provide Police Protection to the proposed annexation area at negligible additional incremental costs as the service area is in close proximity to the area currently being served. Law enforcement is currently provided the Sturgis Brown High School and Fort Meade area by the Sturgis Police Department under the City's 1 mile extraterritorial jurisdiction authority with a staff of 16 officers. The Meade County Sheriff provides services to proposed annexation areas including Thunder Road Sturgis, Kick Start, Full Throttle and Glencoe Camp Resort. Upon annexation, the territory would become the responsibility of the City of Sturgis Police Department.

Community Development Services: The services of the Community Development Department include: One Stop Business Shop services, economic development support services, building inspection services, code enforcement, Geographic Information System and mapping services. Two services that would affect the annexation area are code enforcement and community development building inspection. The current staff of three FTE's are adequate to provide building inspection and code enforcement services to the annexation area. The services of the Building Inspection Division required by City Ordinance and available immediately to the proposed annexation area include: building permits, sign permits, zoning and land use planning, addressing, plan reviews, building inspections, ordinance enforcement, and other similar services. As the area develops, additional costs will be incurred. However, fees or charges for building inspection services would help defray the costs of staff and material costs. The cost of a building permit fee schedule is: \$300 to \$500 - \$20.00, \$501 to \$2,000 - \$20.00 plus \$2.50 for each additional \$100 in valuation or fraction thereof up to \$2,000, \$2,001 to \$25,000 - \$57.00 plus \$10.50 for each additional \$1,000 in valuation or fraction thereof up to \$25,000, \$25,001 to \$50,000 - \$298.00 plus \$7.50 for each additional \$1,000 in valuation or fraction thereof up to \$50,000, \$50,001 to \$100,000 - \$485.00 plus \$4.50 for each additional \$1,000 in valuation or fraction thereof up to \$100,000, \$100,001 to \$500,000 - \$710.00 plus \$4.00 for each additional \$1,000 in valuation or fraction thereof up to \$500,000, \$500,001 to \$1,000,000 - \$2,310.00 plus \$3.75 for each additional \$1,000 in valuation or fraction thereof up to \$1,000,000 and \$1,000,001 and UP - \$4,185.00 plus \$2.25 for each additional \$1,000 in valuation or fraction thereof. There are no additional incremental costs to provide the community development services to the area. These services are available immediately following annexation.

Other Public Services: Community wide services provided to residents of Sturgis include but are not limited to: Parks and Recreation, the Community Center (pool, fitness center and youth/adult programs, theater, basketball/racquetball courts, food service, meeting rooms), Rally Services and the Public Library. There are no direct additional costs for access to the Library. Residency within the City does not currently affect the membership fees of the Community Center. Current membership fees for a family membership range from approximately \$31.27 per month to \$39.75 per month depending on the size of the family. Current membership fees for a single person range from approximately \$16.43 per month to \$23.85 per month. With respect to Rally Services, one additional temporary patrol unit will provide Public Safety Services at approximately \$15.00 per man hour and two additional temporary Inspectors will be needed to provide inspection services to vendors at approximately \$10.50 per man hour. Residency is not considered for services provided patrons of the Sturgis Regional Airport. While fees and rental payments help offset costs for these and other citywide facilities, tax support from the City residents does play a role.

3.) MUNICIPAL UTILITIES, MAJOR STREET NETWORK AND TIMETABLE FOR SERVICE

The City has seriously considered the economic and technical feasibility of the extension of municipal utilities and street infrastructure in this Annexation Study. The Highway 34 area is considered desirable because of the close proximity of nearby municipal infrastructure and services to the proposed annexation area. S.D. Highway 34 is a principal arterial road and trade route that provides the infrastructure that is conducive to economic development and the topography of the prairie land along S.D. Highway 34 is very buildable. Traffic counts along S.D. Highway 34 are estimated at 12,000 average annual daily traffic counts. The South Dakota Department of Transportation has responsibility for road maintenance. Glencoe Road in

proposed annexation area provides access to an area that is attractive for development. With respect to municipal utilities, the City intends to provide municipal service pursuant to the schedule below in order to encourage and facilitate economic development.

Schedule of Service Extension to Annexation Area: Table 1 represents a delivery schedule of the Municipal Services described in the preceding sections.

Table 1 - Service Extension Schedule

<u>Municipal Service</u>	<u>Estimated Delivery Schedule</u>
Street/Road Maintenance	Service to begin upon effective date of annexation.
Water Service	Area is currently served by private wells; The City could provide service if desired at estimated cost of \$319,155 in order to encourage economic development. Such costs would be assessed to property owners and the City may join in such costs.
Sewer Service	Most of the Glencoe Road area is served by a private sewer connecting to an evaporation lagoon. Sewer main extension could be extended no later than 2015 to support further development. Such costs would be assessed to property owners and the City may join in such costs.
Solid Waste Collection and Disposal	Service to begin upon effective date of annexation.
Fire and EMS Services	City is currently providing to proposed area.
Police Protection Services	Service is currently provided to most of the annexation area through the 1 mile extraterritorial jurisdiction. Service to the entire area will begin upon effective date of annexation.
Community Development, Building Inspection and Ordinance Enforcement	Service to begin upon effective date of annexation.
Community Center	City is currently providing services to the proposed area.
Library	City is currently providing to proposed area.

4.) APPROXIMATE COST OF THE EXTENDED SERVICES

Summary of Public Services/Costs: Table 2 represents an itemization of the services and associated costs described in the preceding sections to the City. Service costs paid by residents in the contiguous territory are described in Paragraph 2 above.

Table 2 - Summary of Estimated Costs of Annexation

<u>Improvement</u>	<u>Estimated Cost</u>
Street/Road Maintenance	\$5,000 annually per mile on Glencoe Drive
Water Service	Area is currently served; The City could provide service if desired at estimated cost of \$319,155 . Costs to be recovered via user fees and special assessments.
Sewer Service	\$552,686 for future sewer main extension to support economic development. Costs to be recovered via user fees and special assessments.
Solid Waste Collection/Disposal	Service costs are recovered through user fees.
Fire Department	No incremental costs, currently being provided to proposed area.

Police Department	Negligible incremental costs (fuel and maintenance) for extending service another mile.
Community Development, Building Inspection and Ordinance Enforcement	Negligible incremental costs (fuel and maintenance) for extending service another mile.
Community Center	No incremental costs anticipated.
Library	No incremental costs anticipated.

5.) ESTIMATED DIFFERENCE IN TAX ASSESSMENT RATE FOR THE RESIDENTS

TAXATION:

Upon annexation, the estimated difference in the 2009 tax assessment rate applied to the subject territory would be the addition of the City of Sturgis levy of .007979 for non agricultural properties. By being annexed, property owners will be reducing their ISO Fire Rating from a 10 to a 6 (*likely to be a 5 rating after our April ISO assessment*) thereby offsetting portions of the increased costs of the City tax rate. Table 3 gives the current mill rates and the anticipated changes upon annexation for the three primary taxing districts found in the S.D Highway 34 Area. Appendix A provides the district information for each parcel.

Table 3

<u>Taxing District</u>	<u>Current Tax Rate</u>	<u>Tax Rate Upon Annexation</u>	<u>Net Change in Tax Rate</u>
Meade Schools	.0088	.0088	0
Meade County	.00582	.00582	0
City of Sturgis	0	.007979	.007979

6.) EXCLUSIONS AND IRREGULARITIES IN BOUNDARY LINES ARE NOT THE RESULT OF ARBITRARINESS

The proposed annexation boundaries are based on the City's economic and technical ability to feasibly deliver services to annexation areas along S.D. Highway 34 that are conducive to growth and development. The boundaries were slightly modified from the boundaries proposed in the CETEC Study submitted in January 2007 for purposes of including anticipated non agricultural commercial land use areas. Those boundaries contiguous to the City mostly followed established platted properties and do not contain any exclusions or irregularities. The City anticipates seeking the approval of the Meade County Board of Commissioners for certain lands contained within the boundaries as is appropriate pursuant to SDCL 9-4-5.

7.) FUTURE NEED FOR ANNEXATION

Annexation is the traditional method by which a city extends its boundaries to include areas that are urbanized or are in the process of urbanizing, and are contiguous and adjacent to the existing boundaries of the city. It is the policy of the City to consider annexation under certain circumstances when:

1. The annexation of lands which are necessary for the orderly growth and development of the City;
2. The annexation of lands which are urbanized or urbanizing to the extent that they require an urban level of services;
3. The annexation of lands the development of which effects the health and/or safety of the residents of the City;
4. The annexation of lands to ensure an equitable tax base.

Annexation of S.D Highway 34 is an area that should be considered according to the four circumstances, based on the following findings:

- ❖ The annexation of the S.D Highway 34 corridor area is necessary for the orderly growth and development of Sturgis. The City has been exercising extraterritorial platting jurisdiction in the area since May of 2008 in order to provide for planned growth. This area has experienced significant development over the last five years and incorporates hundreds of acres of undeveloped land immediately adjacent and east of the City that is attractive for future growth. As discussed early, there is broad consensus in the community as identified in the Future Sturgis process on the need for the City to proactively encourage and facilitate growth through annexation.
- ❖ The annexation of the subject area is necessary as this area is urbanizing and will require future urban level of services. Meade County has an agreement with the South Dakota Department of Transportation to construct 131st Street into a modern urban road known as the S.D. Highway 79 Extension that will connect I-90 to S.D Highways 34 and 79 creating a north-south corridor of development east of the City. The annexation area has the potential for development, which would require future roads and utility services. As these properties develop and densities increase they will require municipal services such as water, sewer and waste collection and disposal services that can only be effectively provided by the City. These properties can be serviced by the current level of City services for the immediate future. Zoning and code enforcement ordinances will ensure that negative impacts from future developments are minimized.
- ❖ The annexation of S.D Highway 34 impacts the City of Sturgis as this area is immediately east of the City limit boundaries. Rally related activities at Full Throttle, Thunder Road Sturgis, Glencoe Camp Resort and Rockin' the Rally have a direct impact on the health and safety of Sturgis residents as Sturgis is the primary conduit for all Sturgis Motorcycle Rally visitors and as such we can reasonably conclude that the Sturgis community is the primary point of ingress and egress for the customers of the businesses in the proposed annexation area.

- ❖ The property owners of the S.D. Highway 34 Annexation Area share a community of interest with Sturgis and benefit now from certain city services. Property owners and customers of the businesses of the annexation area drive upon City streets, utilize City parks, and benefit from other City services such as Police and Fire Protection. Many of the properties within this territory have available to them an urban level of service due to the growth that has occurred in adjacent portions of Sturgis.
- ❖ The annexation of the subject area is also necessary to preserve an equitable tax base. As discussed early, the City is already providing Police, Fire and EMS Services to the S.D. Highway 34 area of Fort Meade and the Sturgis Brown High School because of the essential need for these services. The residents of Sturgis pay for these services through property and sales taxes collected in the General Fund. The residents of Sturgis bear a burden of property taxes and the proposed annexation will allow the current residents to receive the benefit of a reduced tax burden from increase economic activity taxes such as sales taxes, use taxes, accommodation taxes and malt beverage fees. The citizens participating in Future Sturgis have expressed a desire to lower property taxes by growing the tax base through annexation and the expansion of economic activity taxes like the sales tax. By growing the tax base, the overall cost per tax payer can be reduced as the tax burden is spread among a larger and more diverse number of revenue sources. There are a number of potential synergies between Fort Meade and the City to explore cost saving opportunities for share services such as Police, Fire, Street Maintenance, Water, Sewer and Solid Waste Collection and disposal. Services such as police and fire protection are more adequately and efficiently provided if they cater to a cohesive service area without the duplication of services. Infrastructure improvement costs and maintenance costs can also be reduced through combined efficiencies and the elimination of the duplication of services.

Based on the foregoing information and the City's guidelines on annexation, the proposed annexation of the subject territory is warranted.

8.)POPULATION AND CENSUS DATA INDICATE THAT THE MUNICIPALITY HAS OR MAY EXPERIENCE GROWTH OR DEVELOPMENT BEYOND ITS PRESENT BOUNDARIES.

COMMUNITY GROWTH

Sturgis continues to grow, with a substantial amount of current development occurring along S.D. Highway 34 and I-90 Exits 30 and 32. Sturgis added \$5,094,744 in building permit values in 2008 and has a total assessed valuation of \$ 320,874,078. According to the U.S. Census Bureau, the Sturgis Population numbers have been stable at 6,500 but underperforming due to lack of substantial economic development activity. The dramatic rise in housing costs due to the effect of the Sturgis Motorcycle Rally has also been an obstacle to affordable housing and, thus, population growth. Sturgis clearly has the potential to grow through a comprehensive economic development strategy that includes annexation to expand the community's development capacity. Sturgis needs to annex areas beyond its boundaries to encourage and facilitate the continued economic growth and vitality of the community.

CONCLUSIONS:

The proposed annexation will ensure the continued orderly growth of the City and the equitable development of our infrastructure. The area under study for annexation has some developed and undeveloped properties. There is supporting infrastructure and service in place to accommodate continued development. The burdens of annexation to the City are negligible in consideration of long term benefits. To continue the orderly growth of the City and ensure equitable development of supporting infrastructure, the annexation of this Study Area is warranted.

APPENDIX A. PROPERTY OWNERS LIST

PARCEL ID	OWNER OF RECORD	ADDRESS	SUBDIVISION	LEGAL DESCRIPTION	PLAT BOOK	ACREAGE	2008 VALUATION	CLASS
11.12.112	Ballard, Michael R.	12997 Highway 34, Sturgis SD 57785	Brennon Subdivision	Lot 8, Located in Sec. 12, T5N, R5E	PB 13 Page 51.	27.56 Acres +/-	\$1,261,536	NACC
						27.56 Acres +/-	\$1,261,536.00	
17.50.01	Bruch, Henry and Steve Bestgen	20400 Gravel Road, Sturgis SD 57785	Hooper Subdivision	Lot 1, Located in Sec. 7, T5N, R6E	PB 10 Page 14	3.092 Acres +/-	\$313.00	AGA
17.50.02				Lot 2, Located in Sec. 7, T5N, R6E	PB 10 Page 14	3.199 Acres +/-	\$6,373.00	NAC
17.50.05				Lot 5, Located in Sec. 7, T5N, R6E	PB 10 Page 14	4.133 Acres +/-	\$461.00	AGA
17.50.06				Lot 6, Located in Sec. 7, T5N, R6E	PB 10 Page 14	4.281 Acres +/-	\$524.00	AGA
17.50.07				Lot 7, Located in Sec. 7, T5N, R6E	PB 10 Page 14	5.459 Acres +/-	\$938.00	AGA
17.50.08				Lot 8, Located in Sec. 7, T5N, R6E	PB 10 Page 14	5.681 Acres +/-	\$1,423.00	AGA
17.50.09				Lot 9, Located in Sec. 7, T5N, R6E	PB 10 Page 14	3.156 Acres +/-	\$874.00	AGA
17.50.10				Lot 10, Located in Sec. 7, T5N, R6E	PB 10 Page 14	3.450 Acres +/-	\$794.00	AGA
17.50.13A				Lot 13A, Located in Sec. 7, T5N, R6E	PB 15 Page 4	5.00 Acres +/-	\$291.00	AGA
17.50.14R				Lot 14R, Located in Sec. 7, T5N, R6E	PB 16 Page 23	27.573 Acres +/-	\$3,165.00	AGC
						65.384 Acres +/-	\$15,156.00	
17.50.03	Burnham Family LLC	13045 SD Highway 34, Sturgis SD 57785	Hooper Subdivision	Lot 3, Located in Sec. 7, T5N, R6E	PB 10 Page 14	3.838 Acres +/-	\$187,064.00	NACC
17.50.04		13041 SD Highway 34, Sturgis SD 57785		Lot 4, Located in Sec. 7, T5N, R6E	PB 10 Page 14	3.984 Acres +/-	\$130,837.00	NACC
						7.822 Acres +/-	\$317,901.00	
17.07.211	Christensen, Don M.	P.O. Box 226, Ft. Meade, SD 57741	Hooper Subdivision	Tract A, Located in Sec. 7 & 12, T5N, R6E	PB 9 Page 76	108.75 Acres +/-	\$8,979.00	AGA
11.12.113		C/O Nelda Peters		Portion of Tract A in Section 7		76.32 Acres +/-	\$20,102.00	AGA
				Portion of Tract A in Section 12				
						185.07 Acres +/-	\$29,081.00	
11.90.SCL1	City of Sturgis City Manager David Boone	1040 Second Street, Sturgis, SD 57785	Section 1 & 2, T5N, R5E, Un-Platted Parcel	Lot SCL-1, Located in Sec. 1&2, T5N, R5E Metes and Bounds Description	PB20 Page 216 BK 308 Page 525	46.60 Acres +/- 149.16 Acres +/-	\$0.00 \$0.00	Exempt Exempt
						195.76 Acres +/-	\$0.00	
17.06.31	Lampher, Ross D.	13010 Lamphere Ranch Road	Un-Platted Parcel	Gov't Lot 6 & 7: E1/2SW1/4;		289.23 Acres +/-	\$325,896.00	AGA
17.06.311		Sturgis, SD 57785		SE1/4 Less R.O.W., Sec. 6, T5N, R6E		20.0 Acres +/-	\$291,571.00	NACC
						309.23 Acres +/-	\$617,467.00	
11.73.0D	Lippold, Gary	12998 Highway 34, Sturgis, SD 57785	Glencoe Subdivision	Lot D, Located in Sec. 1, T5N, R5E	PB 20 Page 279	13.037 Acres +/-	\$1,135,061.00	NACC
						13.037 Acres +/-	\$1,135,061.00	
11.73.0AR	Lippold, Janet	12998 Highway 34, Sturgis, SD 57785	Glencoe Subdivision	Lot A Revised, Located in Sec. 1, T5N, R5E	PB 20 Page 279	9.28 Acres +/-	\$55,477.00	NACC
						9.28 Acres +/-	\$55,477.00	
	Lopez, Deborah A.	15344 Sonnet Place, Hacienda Heights CA, 91745	Un-Platted Parcel	Lots 1-3:SE1/4NW1/4;S1/2NE1/4 less Tract A, Sec. 6, T5N, R6E		213.04 Acres +/-	\$847,142.00	120 Acres AGA 93.04 Acres NACC
17.06.11				Lot 2, Section 36, T6N, R5E		33.18 Acres +/-	\$703,180.00	AGA
12.36.411				Lot 3, Section 36, T6N, R5E		32.56 Acres +/-	\$5,203.00	AGA
17.06.22				Lots 4 and 5 less Pavilion Lot, Sec. 6, T5N, R6E		72.89 Acres +/-	\$1,312,816.00	NACC
18.31.13				SW1/4NE1/4;Lots2-3;SE1/4NW1/4; NE1/4SW1/4;SE1/4		347.84 Acres +/-	\$168,817.00	AGA
18.31.33		13019 Rock'n Rally Road, Stugis SD 57785		SE1/4SW1/4; Lot 4		76.64 Acres +/-	\$89,304.00	AGA
11.01.11				Lots 1 & 5 less 7 Acres (portion of Pavilion Lot)		53.58 Acres +/-	\$98,288.00	AGA
11.73.0BR		2055 Glencoe Dr., Sturgis, SD 57785	Glencoe Subdivision	Lot B Revised	PB 19 Page 53	47.07 Acres +/-	\$341,481.00	NACC
						876.8 Acres +/-	\$3,556,231.00	
17.50.11	Meade County	1425 Sherman St., Sturgis SD 57785	Hooper Subdivision	Lot 11, Located in Sec. 7, T5N, R6E	PB 10 Page 14	4.753 Acres +/-	\$0.00	
17.50.12				Lot 12, Located in Sec. 7, T5N, R6E	PB 10 Page 14	4.751 Acres +/-	\$0.00	
17.50.13B				Lot 13B, Located in Sec. 7, T5N, R6E	PB 15 Page 4	5.00 Acres +/-	\$0.00	
						14.504 Acres +/-	\$0.00	
	Meade School District Superintendent James Heinert	1230 Douglas Street, Sturgis, SD 57785	Un-Platted Parcel	W1/2SE1/4;S1/2SW1/4; S1/2S1/2NE1/4SW1/4;W1/2NW1/4SW1/4; SE1/4NW1/4SW1/4;W1/2NE1/4NW1/4SW1/4; Section 1; E1/2SE1/4SW1/4SE1/4;E1/2SE1/4SW1/4; Section 2; A parcel situated in the NE1/4SW1/4; Section 2; NW1/4SE1/4, less parcel, Section 2; A portion of NE1/4NW1/4, Section 11; N1/2NE1/4, Section 11 lying north of State Highway 34, all located in T5N, R5E, B.H.M., Meade County, SD	Book 360 Pages 375-377			Exempt Exempt Exempt
						495.2 Acres +/-		
17.06.41KBHB	New Rushmore Radio Inc.	1612 Junction Ave., Sturgis, SD 57785	Portion of Section 6	Lot KBHB-1, Located in Sec. 6, T5N, 6E	PB 7 Page 13	0.69 Acres +/-	N/A	
						0.69 Acres +/-	N/A	
17.57.0A	Sturgis Dragway	20523 Highway 79, Sturgis, SD 57785	Sturgis Dragway Subdivision	Tract A, Located in Sec. 6, T5N, R6E	PB 16 Page 18	20.85 Acres +/-	\$546,201.00	
						20.85 Acres +/-	\$546,201.00	
Other Owners of Tax Exempt Property								
	Bureau of Land Management C/O Marian Atkins	310 Round up Street, Bell Fourche, SD 57717-1698						
	Ft. Meade V.A. Hospital C/O Peter Henry	113 Comanche Road, Ft. Meade, SD 57741						